



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Montana State Office

222 North 32nd Street

P.O. Box 36800

Billings, Montana 59107-6800

IN REPLY TO:

SDR-922-94-01

SDR-922-94-02

3160 (922.5)

November 2,

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

P430 091 10

DECISION

Terry D. Enright
Terrol Energy Incorporated
P.O. Box 227
Hygiene, Colorado 80533

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SDR No. 922-94-01

SDR No. 922-94-02

AFFIRMED

Terrol Energy Incorporated (Terrol) has requested a State Director Review (SDR) of a September 28, 1993, assessment and Incident of Noncompliance (INC) on Indian oil and gas lease No. 14-20-0256-8246, issued by the Miles City District Office (MCDO) for failure to submit a sundry notice detailing the installation of production facilities for approval prior to actual construction of the tank battery and flowlines on the Hall facilities (SDR No. 922-94-01), and for failure to install a well sign on the Hall Nos. 1-29 and 2-29 wells located in sec. 29, T. 29 N., R. 49 E. (SDR No. 922-94-02) in Roosevelt County, Montana. The SDRs were originally submitted to the MCDO by Terrol on October 22, 1993, in two separate letters dated October 18, 1993 (Enclosures 1 and 2), for each of the individual INCs. Since both letters pertain to the same wells and facility on Indian oil and gas lease No. 14-20-0256-8246, the SDR requests were consolidated into this final decision. The SDR requests are considered timely filed on October 22, 1993, in accordance with 43 CFR 3165.3(b).

On July 20, 1993, an inspection of Indian oil and gas lease No. 14-20-0256-8246, which includes the Hall Nos. 1-29 and 2-29 wells and the facility serving these wells, was conducted by the MCDO. During this inspection, it was discovered that there were no well signs installed on each of the individual wells. A further review of the well files indicated that a sundry notice was never filed with the MCDO for approval of the installation of the production facilities. The MCDO notified Terrol of the violations by letter dated July 21, 1993, which was received by Terrol on July 22, 1993 (Enclosure 3).

On August 10, 1993 (Enclosure 4), Terrol notified the MCDO that the well signs would be erected, and that the facility diagram would be submitted within 2 weeks. The facility diagram was submitted by Terrol with a cover letter dated September 5, 1993; however, the MCDO received this information on October 4, 1993, which was 10 days after the followup inspection conducted by

the MCDO (Enclosure 5). A second followup inspection was conducted on September 23, 1993, by the MCDO. As of this date, the well signs were not installed, and the MCDO had not received the facility diagram.

On September 28, 1993 (Enclosure 6), the MCDO assessed Terrol \$250 for failure to submit the facility diagram and \$250 for failure to install well signs on the two wells located on Indian oil and gas lease No. 14-20-0256-8246, as specified in a written order dated July 21, 1993.

Terrol argued that the well signs were in the heater-treater house on the facility site, and that his representative in the field was not sure about where the well signs should be placed. There was no mention, by the Bureau of Land Management (BLM) inspector, in the BLM Inspection Record, that the well signs were located in the heater-treater house (Enclosure 7). Even if the well signs were in the heater-treater house, the regulations of 43 CFR 3162.6(b) state that, "For wells located on Federal and Indian lands, the operator shall properly identify, by a sign in a conspicuous place, each well,...." A well sign inside a heater-treater house cannot be considered as "...a sign in a conspicuous place,...."

We hereby affirm the MCDO's decision to assess Terrol a total of \$500 for failure to submit the facility diagram, and for failure to install well signs on the two wells located on Indian oil and gas lease No. 14-20-0256-8246 (SDR No. 922-94-02).

This decision may be appealed to the Board of Land Appeals, Office of the Secretary, in accordance with 43 CFR 3165.4, 4.411, 4.413 and Form 1842-1 (Enclosure 8). If an appeal is taken, Notice of Appeal must be filed in the Montana State Office at the above address within 30 days from receipt of this decision. A copy of the Notice of Appeal, and any statement of reasons, written arguments, or briefs must also be served on the Office of the Solicitor at the address shown on Form 1842-1. It is also requested that a copy of any statement of reasons, written arguments, or briefs be sent to this office. The appellant has the burden of showing that the decision appealed from is in error.



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8 Enclosures

- 1- Terrol SDR Request Letter dated October 18, 1993 (1 p)
- 2- Terrol SDR Request Letter dated October 18, 1993 (1 p)
- 3- MCDO Letter dated July 21, 1993 (2 pp)
- 4- Terrol Letter dated August 10, 1993 (1 p)
- 5- Terrol Letter dated September 5, 1993 (3 pp)
- 6- INCs Issued September 28, 1993 (6 pp)
- 7- BLM Inspection Record (1 p)
- 8- 43 CFR 3165.4, 4.411, 4.413, and Form 1842-1 (4 p)